



PERS Select PPO

Presented to:

**Health Benefits Committee
California Public Employees' Retirement System**

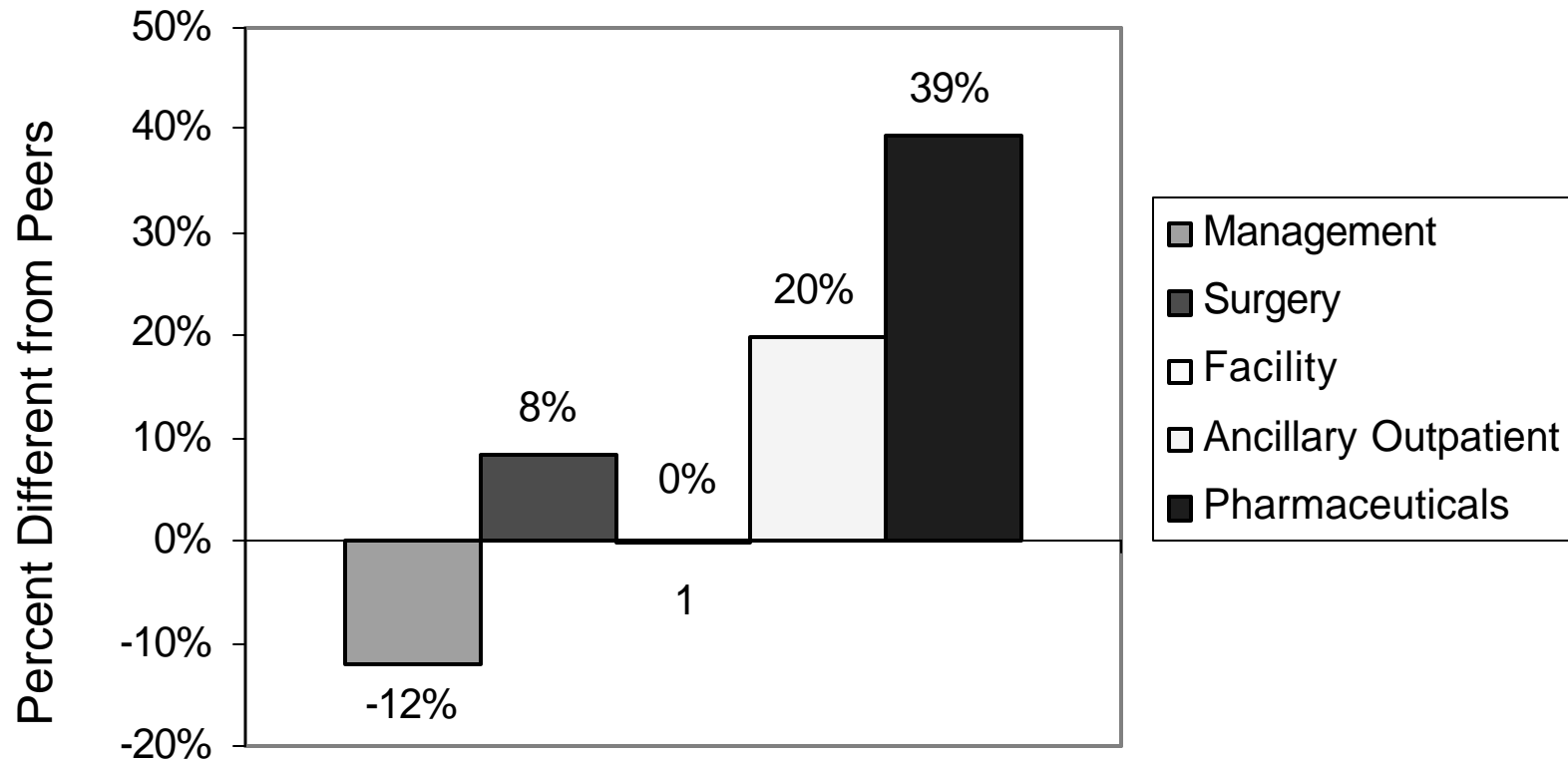
April 17, 2007

Select PPO Network

- **Statewide PPO Network***
 - **Covers all counties except:**

Alameda	Marin
Placer	Solano
- **Subset of Blue Cross PPO Network**
- **Primary and Specialty Caregivers**
 - **Represents over 50% of the Blue Cross PPO Network (includes all key specialties); Ancillary providers**
 - **Utilizes existing Blue Cross PPO hospital network, except most Sutter facilities**
- **Savings achieved through selection of physicians with efficient practice patterns**
- **Reviewed using broadly accepted quality measurement standards**

Utilization Variation from Norm by Service Category for all ETGs



-All ETGs are included for this calculation

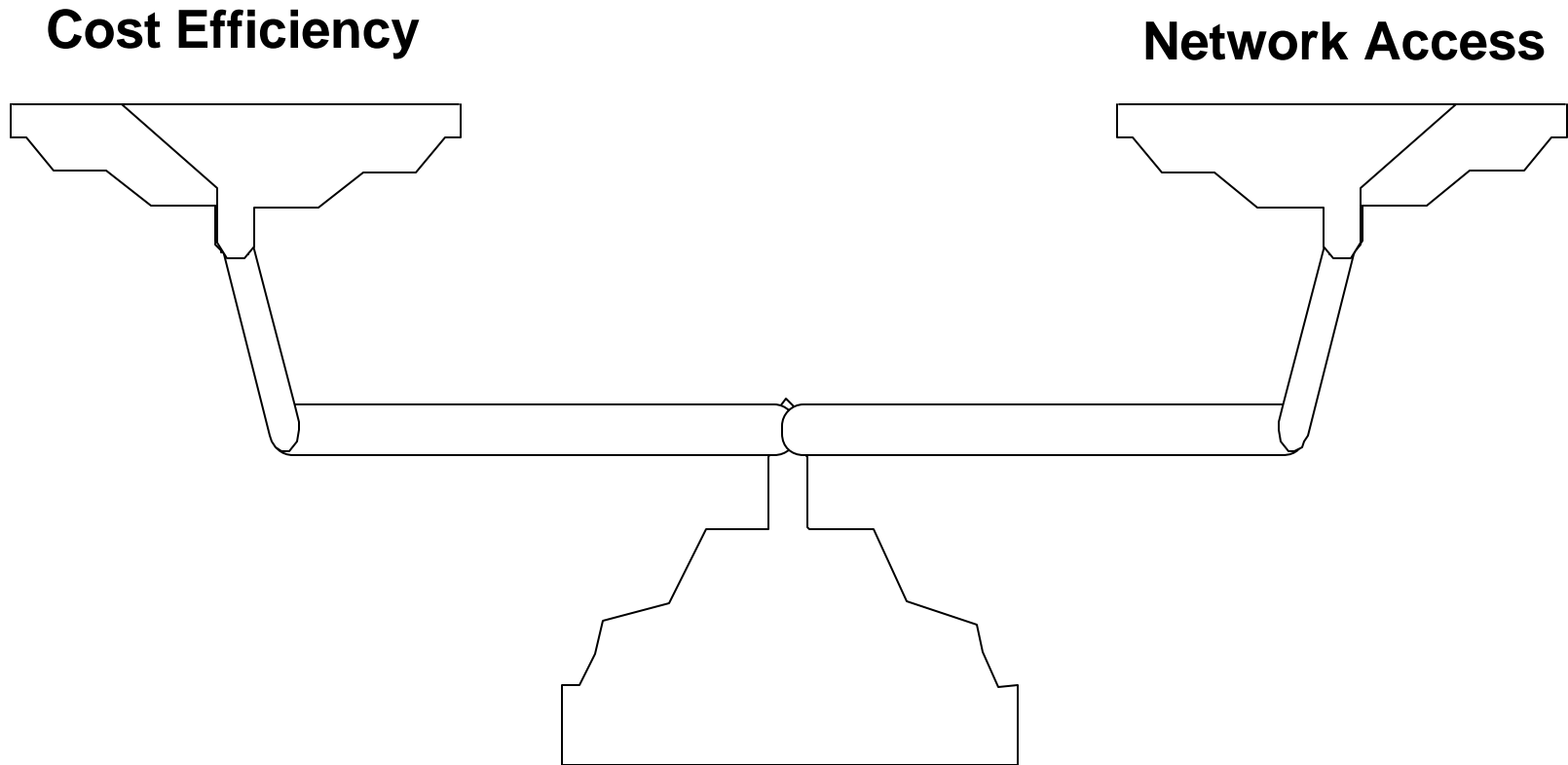
Top 10 High Differential Cost ETGs

XXX

	Description	No_Epi	Actual	Expect	Difference	Cul. Difference	Pcnt_diff
646-0	Benign neoplasm of the female genital tract, with surgery	6	\$68,200.00	\$44,420.15	\$23,779.85	\$ 23,779.85	21%
465-0	Hernias, except hiatal, with surgery	7	\$53,984.00	\$31,652.39	\$22,331.61	\$ 46,111.46	41%
455-0	Benign neoplasm of the intestines and abdomen, with surgery	6	\$23,793.00	\$10,993.97	\$12,799.03	\$ 58,910.49	52%
484-0	Other diseases and disorders of the rectum and anus, with surgery	11	\$27,050.00	\$15,161.04	\$11,888.96	\$ 70,799.46	63%
742-4	Joint derangement, with surgery - hand, wrist and forearm	2	\$18,849.00	\$ 7,743.67	\$11,105.33	\$ 81,904.78	73%
435-0	Gastritis and/or duodenitis, simple	17	\$18,512.00	\$ 7,681.20	\$10,830.80	\$ 92,735.59	82%
456-0	Benign neoplasm of the intestines and abdomen, w/o surgery	10	\$20,507.00	\$ 9,749.68	\$10,757.32	\$ 103,492.90	92%
657-0	Benign neoplasm of the breast, with surgery	3	\$23,240.00	\$12,605.74	\$10,634.26	\$ 114,127.16	101%
512-0	Infectious hepatitis, high severity, w/o comorbidity	1	\$11,894.00	\$ 1,829.91	\$10,064.09	\$ 124,191.26	110%
519-0	Acute pancreatitis	2	\$18,196.00	\$ 8,287.02	\$ 9,908.98	\$ 134,100.23	119%

Savings is a Result of Cost Efficiency and Network Access

Premium Savings



A Year Ago We Embarked On An Ambitious Journey

2005 - 2006



- **Introduced Select PPO to CalPERS as an additional plan choice**
- **Received positive response**
- **Committee did not vote in favor of adoption**
- **Revisit in 2007**
- **Marketplace showed substantial interest in product, but slow to adopt**

Accomplishments during the Past Year



2007

- **Updated evolving methodology**
- **Created additional processes for large scale network maintenance**
- **Reviewed actual network performance versus forecasted results**
- **Updated claim savings based on PERS Choice physician utilization patterns**
- **Incorporated a PERS Select rating scenario into the 2008 rate development process for the self-funded health plans.**

CalPERS Savings with Select PPO

- **5% Estimated Claim Savings (vs. Choice)**
- **1.0% estimated increase in PERS Choice Basic premium rates due to movement into PERS Select. Members remaining in Choice plan use less efficient providers.**
- **Net 6.0% premium rate decrease compared to PERS Choice Basic**

Annual Savings	Single	2-Party	Family
Select vs. Choice	\$324	\$650	\$844

Expectations

- **\$6.5 Million expected annual savings to plan**
- **Assume 15% of Choice Basic employees enroll in PERS Select**
- **HMO enrollment unchanged**
- **< 1% decrease on 100/90 state annuitant contribution formula**
- **PERS Choice Medicare Supplement = PERS Select Medicare Supplement**

Savings by County

Average Savings

- Colusa
- Humboldt
- Mendocino
- Merced
- Mono
- Santa Clara
- Tulare

Above Average

- Butte
- Contra Costa
- Fresno
- Kern
- Lake
- Los Angeles
- Monterey
- Nevada
- Orange
- Riverside
- Sacramento
- San Bernardino
- San Diego
- San Joaquin
- San Luis Obispo
- San Mateo
- Santa Barbara
- Santa Cruz
- Shasta
- Sonoma
- Stanislaus
- Sutter

Superior

- El Dorado
- Inyo
- Kings
- San Benito
- Siskiyou
- Ventura
- Yuba

Building on an Existing Product

- **Methodology has been tested and refined for optimal results**
- **Enhanced by National experience**

ProviderFinder

Search By Location | Search By Name | Provider Finder Help

Find Providers Near a Location

Español

Select the type of plan you are seeking

» Large Group

Large Group Plans

For employees of a large company with 50 or more employees (at all locations combined) and their family members.

Select a Plan

» Power Select PPO

Plan Information

Urgent Care Centers: Physician offices providing walk-in care and extended hours. Office hours and days of operation vary and it is recommended that you call in advance. For a listing of the sites with addresses and phone numbers, please click here: [Urgent Care Directory](#).

Select Provider Type

» Select A Provider Type

» Indicates a Required Field

Next



Power Select PPO – Creating the Path to Savings

BC Life & Health Insurance Company (BC Life & Health), an affiliate of Blue Cross of California (Blue Cross), recognizes the differences and unique needs of our customers. At the same time, we want to help them navigate the road leading to cost efficiencies in new and innovative ways.

Merging Two Paths Into One

As a solution, we developed the Select PPO Network and Power Select PPO Plans.

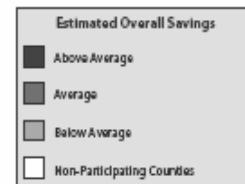
Power Select PPO combines a new, robust network and unique plan designs to provide clear direction to savings and access for your clients. As displayed in the statewide map, clients receive a range of premium savings, with an average of 13 percent, based on location, network and plan designs. And, in addition to these savings, your clients can also count on the same quality they have come to know from BC Life & Health. The Select PPO Network makes it easier for California employers to guide their employees down the path to savings ... which means a win-win for all.

Driving Home Savings

As a way to create greater network savings, a standardized industry methodology was utilized to determine which physicians practice with the most cost efficiency. This methodology encompassed all areas of care including professional, institutional, diagnostic testing, inpatient/outpatient care and prescription drug costs. By identifying those physicians and physician groups that are cost

efficient, we are able to offer this network at a lower cost to your clients.

PPO benefit plan designs include three new high, medium and low Classic PPO plan options to accompany the Select PPO Network. When constructing these new PPO plan designs, appropriate actuarial adjustments, accounting for benefit differentials were analyzed and considered. Choosing these Power Select PPO plans is another way to pave the road to cost savings for your clients.



Supports CalPERS Strategic Plan

